

D.S. Payment Reform

in alignment with and support of

D.S. System Reform

Payment Reform Subcommittee

March 29, 2019

Evolution of Reform Vision— From Payment to System

As committees have worked to address the changing needs for the Developmental Services program, it has become clear that what we are trying to achieve is system – not just payment – reform.

The following information reflects thoughts and recommendations from the Payment Model Subcommittee on the **payment reform** to align with and support system reform.

Focus is on remembering the problem we are trying to solve

The State's position is that: **“we need to provide a system for provider payment for which the State has accurate tracking and a method for insuring that services have been provided to individuals”.**

- ✓ The VCP members of the Payment Model Subcommittee understand and support this position.

Successful Payment Model Must

- Reduce administrative burden;
- Include adequate rates that cover costs thus ensuring financial sustainability;
- Report service data; and
- Align with Value-Based Payment reform.

Payment Model Components

- Service Rates x Standardized Assessment Process = Individual Budget/Resource Allocation
- Cash Flow (Payment) Simplification
- Encounter Data Available in MMIS
- Aggregate Reconciliation

While it is critical that these components align and work together, there are multiple components to be implemented. Payment Reform (a.k.a. Cash Management Reform) can and should begin in advance of establishing a Standardized Assessment and resource allocation process.

Align Assessment Process Results with Individual Budgets/Resource Allocations



- Standardized Assessment Process = Standardized Resource Allocation
- Aggregate Reconciliation: While the individual budget setting process results in budget values, services can be provided over or under those established amounts as long as in aggregate providers do not exceed their agency annual allotment.
- Outliers: There must be a defined process for funding outlier cases.

Total Agency Allocation



Cash Flow (Payment)

Cash flow is the mechanism by which Agencies receive their revenue. P.M.P.M.s* are the conduit by which to manage cash flow. The reconciliation between Individual Service Budgets or Resource Allocations occurs through the reconciliation process.



*P.M.P.M. = Per Member Per Month

** HCBS = Home and Community Based Services

Cash Flow (Payment) Calculation

- Use Agency Fiscal Year Allocation
- Caseload for purposes of billing is based on 90% in order to ensure Agencies earn their total allocation.
- Divide Allocation by 90% of Established Caseload then by 12 months, establishing one prospective case rate value for each DA/SSA (P.M.P.M.).
- Provide Encounter Data by Submitting \$0 Paid Claims to the MMIS
- Next Step: Determine Value-Based Deliverables for Future Rate Construction

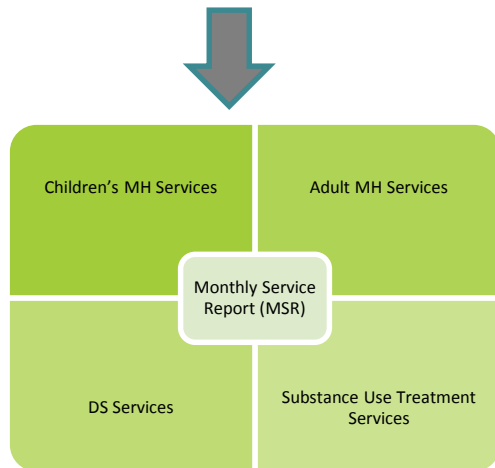
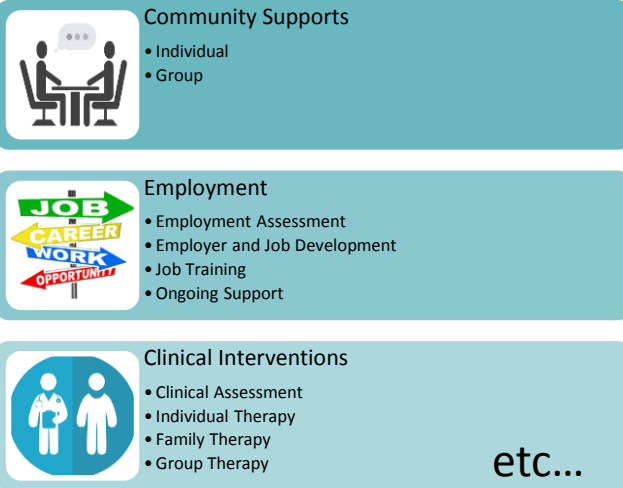
For Illustrative Purposes Only	
Total Annual Allocation:	\$ 25,000,000
Total Caseload:	500
Total Caseload x 90%:	450
Total Months:	12
Total Monthly Caseload Value:	\$ 4,629.63

Process for Funding Changes

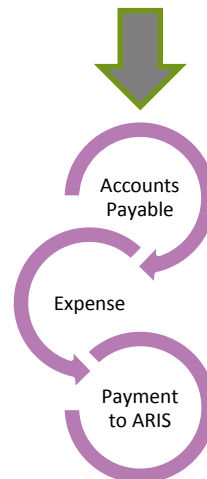
- Individual - When there is a change in need sufficient to require a revised assessment; a request for adjustment for that individual will be presented to the equity or public safety committee.
 - Recommendations by the Equity Committee will be accepted pro forma as standardized assessment process will validate need.
- Capacity - If number of individuals served exceeds 100% of caseload assumed at the time of case rate establishment, a request for additional funding will be presented to the equity or public safety committee.

Issue: Service Tracking

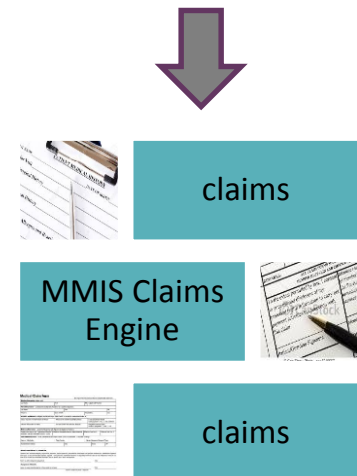
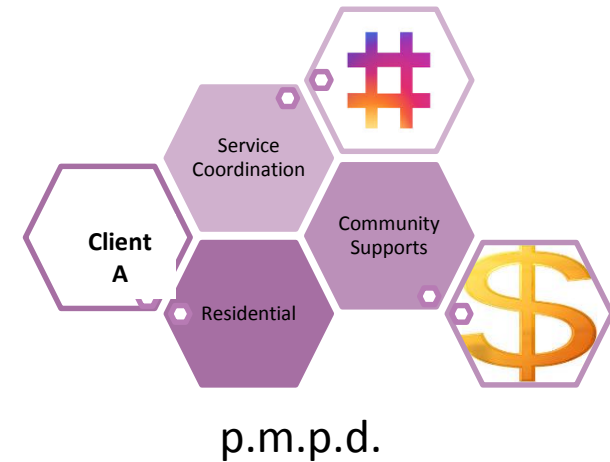
Electronic Health Record (EHR)



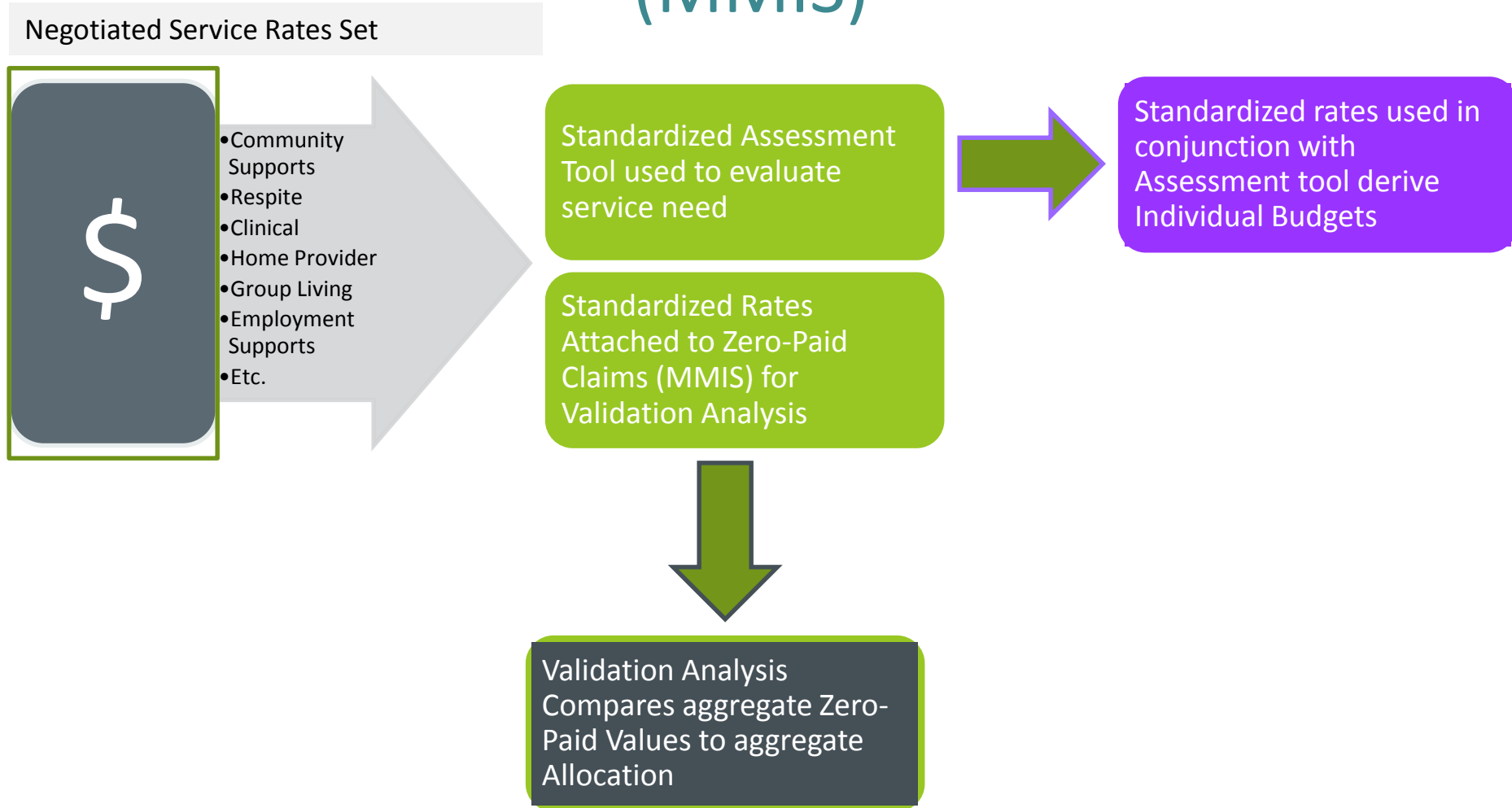
Self Managed Care (ARIS)



Individual Service Budget (ISB)



Solution: Central Repository for Service Data (MMIS)



Payment (Cash Flow) Proposal Successes

- ✓ No impact on clients' service-delivery packages
- ✓ Eliminates use of waiver spreadsheet
- ✓ Minimizes administrative burden through aggregate management thus minimizing waiver and billing adjustments
- ✓ Comprehensive service data in central repository
- ✓ Ensures financial sustainability via adequate rates
- ✓ Progress towards Value-Based Payment reform

Proposed Phase 1: Cash Flow (Payment) Reform

While it is critical that all reform components align and work together, there are multiple components to be implemented. Payment Reform (a.k.a. Cash Management Reform) can and should begin in advance of establishing a Standardized Assessment and resource allocation process.

Cash Flow (Payment) Reform could be implemented January 1, 2020 as Phase 1 in advance of all other components coming online at a later date.

- Total allocation as denoted on 12/31/19 waiver spreadsheet used as the basis for rate setting.
- Aggregate reconciliation of services in individual budgets to zero-paid claims reported in the MMIS would inform the rate setting process prospectively.

Moving Forward: Shifting Payments from Unit/Caseload to Value Base

